World Bank Ready to Assist CFA Countries

The World Bank will provide as much as $1.5 billion in financing assistance to 14 West African countries that recently sharply devalued their shared currency, a top Bank official announced at a February 10 meeting in Paris.

Bank officials have praised the Francophone countries' 50-percent devaluation of their CFA franc against the French franc as a way of reversing the region's economic crisis.

"This courageous action provides a unique opportunity to relaunch adjustment and the development process, to revive growth, and address in a sustainable way the deep poverty that afflicts these countries," said Edward Jaycox, Vice President of the World Bank's Africa Region.

Jaycox chaired the Paris meeting of 19 donor countries and international agencies at which participants outlined a program of possible measures to support the devaluation. They included structural reforms to stabilize the exchange rate and financial situation and social measures to protect vulnerable groups. The program, if approved by all countries, could inject an additional $1.6 billion into the region, including $550 million this year.

The Bank's assistance package, which is additional to the donors' program, could be provided on a fast-track basis if the CFA countries quickly implement agreed reforms.

The CFA countries are: Benin, Burkina Faso, Cameroon, Central African Republic, Chad, Comoros (which devalued its currency by 38 percent), Congo, Cote d'Ivoire, Equatorial Guinea, Gabon, Mali, Niger, Senegal and Togo.□

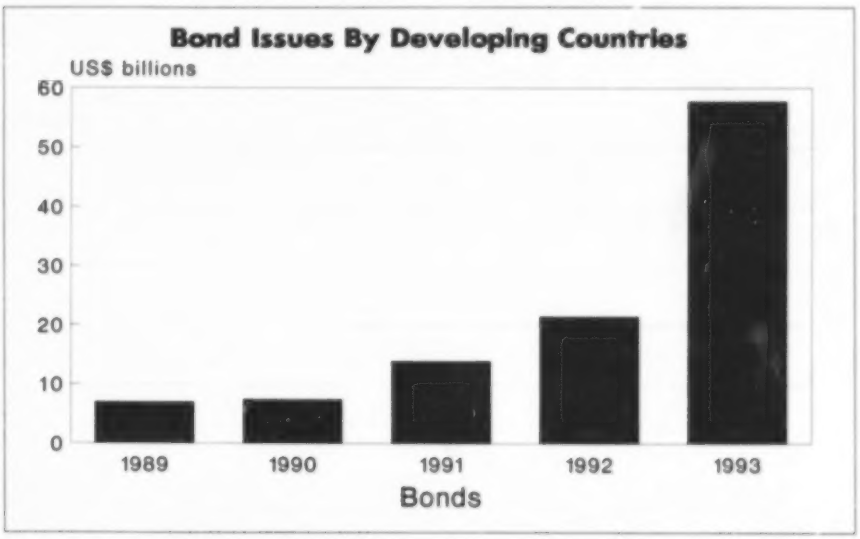
Bonds Gain Importance

BONDS, *from page 1*

"It's very encouraging that private source financing is on the rise to developing countries," says Punam Chuhan, author of the quarterly and an economist in the World Bank's International Economics Department.

"In the 1980s, voluntary Bank lending to developing countries had practically dried up and portfolio flows were also tiny. The major source of funding for the developing world came from official sources. But official finance is limited, which is why the recent surge in private capital flows is significant. Private flows have exceeded official flows for the past

See BONDS, *page 4*



Malaria Slows Development

MALARIA, *from page 1*

The field testing of the vaccine, most recently carried out in Tanzania, has been supported by the Special Programme for Research and Training for Tropical Diseases (TDR). TDR, founded in 1975, is cosponsored by the United Nations Development Programme, the World Bank and the World Health Organization (WHO). The WHO executes the program.

The Bank is a founding member of TDR and has been a contributing sponsor to the program since 1981. During recent years, the Bank has made a special grant to the program of $3.8 million per year, or some 12 percent of TDR's total funding.

The TDR aims to strengthen tropical disease research in countries affected and to support scientists battling the six major tropical diseases—malaria, leprosy, schistosomiasis, trypanosomiasis, filariasis and leishmaniasis.

Liese says the TDR has served as a "catalyst" for methods of fighting tropical diseases. Since it started in 1975, the program has supported more than 4,400 research projects and more than 1,000 training and institution-strengthening projects. The program has also attracted some $343 million from bilateral donors and international organizations.

"The development of a vaccine comes at the right moment because resistance to antimalarial drugs is rapidly increasing," says Liese. "Put more simply, we are slowly running out of antimalarials for everyday use, just at a time when malaria is making a comeback and when the malaria situation is seriously worsening in parts of the world."

But malaria is not only a childhood disease. In many parts of the world, it affects adults and has an impact on development projects and policies.

"Malaria is not only a devastating tropical disease, but it is also a social condition closely associated with development," says Liese. "Across the globe, it poses a threat to the well-being and productivity of millions of people."□

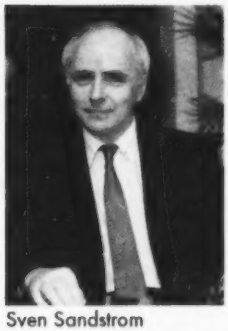
Development Agenda

Date	Event	Sponsor	Location	Telephone
FEBRUARY				
24-25	Pakistan Consortium Meeting	World Bank	Paris	(33-1)4069-3016
MARCH				
4	Congo Donor's Meeting	World Bank	Paris	(33-1)4069-3016
7-8	Ethiopia Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
17-18	Sierra Leone Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
21-29	World Telecommunication Development Conference	ITU	Buenos Aires	(41-22)730-5111
22-23	Ministerial Conference on Drinking Water and Environmental Sanitation	Gov't of the Netherlands, Ministry of Housing, Physical Planning and Environment	Noordwijk, The Netherlands	(31)79 317 213
22-23	Zambia Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
APRIL				
4-7	Fifth Global Warming Science and Policy International Conference and Expo	Global Warming International Center	San Francisco	(708) 910-1551*
4-9	21st World Conference of the Society for International Development	SID	Mexico City	(0939) 6591-7897
11-13	Annual Meeting of the Board of the Inter-American Development Bank	IDB	Guadalajara, Mexico	(202)623-3435*
12-14	AFARB/Sustainable Land Settlement (Riverblindness)	World Bank	Paris	(33-1)4069-3016
19-20	Bangladesh Aid Group Meeting	World Bank	Paris	(33-1)4069-3016
23	G-24 Meeting of Deputies	World Bank	Washington	(202)473-1784*
24	G-24 Meeting of Ministers	World Bank	Washington	(202)473-1784*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Economic Globalization Accelerating, Says Top World Bank Official

The trend of "economic globalization" in trade and capital markets is unifying the industrialized and developing worlds as never before. But during the 1990s, globalization will accelerate even more, World Bank Managing Director Sven Sandstrom said in a speech in Ottawa on February 5.



M. Iannacci

Sven Sandstrom

Sandstrom gave the address, entitled Development Issues of the '90s, *to a symposium, including some of the new members of the Canadian Parliament. Excerpts from the speech follow:*

Economic globalization is occurring at a faster pace than ever before. Trade between the developed and the developing countries now accounts for a fifth of the world total. Developing country exports are projected to increase almost twice as fast during the 1990s as during the two previous decades. Those countries are also the fastest-growing markets for many developed nations—including the United States, for example. The completion of the Uruguay Round and the establishment of the World Trade Organization will accelerate this trend.

Private-sector investors are already taking advantage of the expanded opportunities in the developing countries. Private capital flows to the developing world have risen more than two-and-a-half times since 1990.

In 1992, for the first time in a decade, the volume of private flows ($103 billion) was larger than total aid flows ($55 billion)—almost twice as large, in fact.

But this does not mean that development assistance is no longer as important as in the past.

On the contrary, increased aid flows are more critical than ever—to help the poor countries become competitive and thus be able to attract private investment; and to help attack pockets of poverty within those countries which are more competitive.

This much is clear: global competition for resources and for markets has never been greater—and will intensify in the future. But globalization is not a zero-sum game.

The developing countries will gain through being able to expand exports, attract increased investment and raise living standards—provided they adopt policies to keep their economies open and competitive. And the developed countries will gain through being able to export into expanding markets and increase jobs—provided they support development programs which help to promote broad-based growth and poverty reduction.□

Investors Turn to Developing World

BONDS, *from page 2*

two years."

"By using external private sources of funding, a developing country or private enterprise can open themselves up to a wider range of investors and obtain funds at more competitive rates than domestic borrowing costs."

Chuhan says two investment trends explain the jump in private bond flows to developing countries. "Investors seem to be pouring money into developing countries because one, they are seeking higher returns on their investments, and two, they want to benefit from diversifying their portfolio," she says.

"Among global investors now, there is a rising demand for higher returns that they cannot get from traditional instruments in industrial capital markets. When someone invests in developing countries, it is a risk but it is one that can pay off handsomely because of the improved prospects of these countries. Many investors are realizing the benefits of spreading their country risks, including improved performance of their portfolio."

While the overall flows to the developing world rose, some countries received more investment than others, says Chuhan. A handful of countries in Latin America and Asia took the lion's share of investment. Africa, though, was not as successful in luring investors.

"Unfortunately, Africa has received only a trickle of financial flows from private sources so far," she says. "But one positive sign is the Republic of Congo which issued a bond and got some positive response for its effort."

Meanwhile, global bonds appear to be gaining in popularity in the five years since the World Bank introduced the concept in September 1989.

Financial Flows and the Developing Countries is published in February, May, August and November. Journalists may obtain complimentary review copies by writing on company letterhead to Bill Brannigan, Room T-8019, The World Bank, 1717 H St., N.W.., Washington, D.C., 20433, U.S.A. Telephone: (202) 473-1784. Fax: (202) 676-0578.□

WORLD BANK NEWS

Michael Prest, Editor
Cynthia Delgadillo, Production Assistant
Steve Hendrix, Reporter

World Bank News is published in English, French and German by the Information and Public Affairs Division of the World Bank's External Affairs Department, Washington, D.C. 20433, U.S.A. Maps appearing in World Bank News are for the convenience of readers. The denominations used and the boundaries shown do not imply any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries. (ISSN 0254 6353) Telephone: (202) 473-9661.

The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

WORLD BANK NEWS

Volume XIII, No. 8 February 24, 1994

LENDING

Irrigation To Boost Mexican Farming

Irrigation, the watering of dry areas for cropland, has long been the engine for agricultural growth in Mexico. While irrigated fields cover only one-third of Mexico's cultivated land, they yield more than half of the country's agricultural output and two-thirds of its agricultural exports.

M. Iannaci

Jose Simas

But since 1970, inefficiency, a growing scarcity of land and heavy-handed government interference have stalled agricultural growth in Mexico. Despite numerous government reforms, agriculture continued to decline and rural poverty rose.

Now, the Mexican government is launching a $568 million project aimed at boosting farmers' incomes and creating

See MEXICO, *page 4*

Russia Plans To Repair Crumbling Highways

Russia, by far the largest country in the world, boasts more than 450,000 kilometers of paved roads.

But as Russia's economy deteriorated during recent years, its massive road network also suffered. A recent Russian study showed that many of the country's roads and bridges were falling apart. Poor care and dwindling road funding have combined to qualify nearly two-fifths of Russian roads as being in poor condition and another quarter in need of big help.

To tackle the problem, Russia is launching a three-year, $340 million project aimed at upgrading its deteriorating roads and bridges. On February 17, the World Bank approved a $300 million in support of the plan.

"The Russian project aims to address the severe backlog of road maintenance needs in the country," says Cesar Queiroz, senior highway engineer in the World Bank's Europe and Central Asia Region. "Russia's needs are great. More than half of its federal highway network requires overlays or reconstruction."

The new project marks the first Bank loan to a transportation sector in a country of the former Soviet Union. The Russian government is cofinancing the

See RUSSIA, *page 2*

Cesar Queiroz

Russia hopes to privatize its road construction industry. Here, a work crew patches potholes on the federal road between Moscow and Samara.

The International Development Association approves $447 million in credit assistance to help Bangladesh build a key bridge and reform its jute sector. 3

Ghana, as part of its effort to decentralize infrastructure services, will give more authority to local governments. 4

Development agenda, page 5

■

Lending roundup, page 6

Russia Fixes Roads To Recovery

RUSSIA, *from page 1*

effort with $35 million while the United States is providing $5 million.

Focusing on Steppe Region

By fixing its faltering roads and bridges, Russia is trying to beef up its infrastructure to enable the country to boost trade and turn around its plummeting economy. In 1992, the country's economic output fell by 18.5 percent and by another 14 percent in the first seven months of 1993.

M. Iannacci

Cesar Queiroz

The project will focus on repairing roads and bridges in Russia's steppe region, a band of territory west of the Urals. The steppe holds most of Russia's busiest roads, hosts the bulk of the country's agriculture and industry, and is home to 78 percent of Russia's 149 million people.

Under the plan, Russia will rehabilitate 1,500 kilometers of key federal roads. Another 10,000 kilometers of roads will receive smaller safety improvements, including patching of potholes, maintaining road shoulders and treating surfaces.

But besides road repairs, the project will also help Russia lay the groundwork for putting its transportation network on a more sound footing for a market-based economy. Technical assistance and training will be provided to Russia's Ministry of Transport to help develop a new policy, legal and regulatory framework.

By putting free-market principles in place, Russia aims to move transporation away from being a sector dominated by the government to one based on the private sector. In the past, the government served as the sole contractor for road repairs. But despite some reforms, the government still has a lot of influence in the sector.

Under the plan, Russia will introduce a competitive bidding system which will allow a local construction industry to take shape. Consultants, for example, will help establish formal contract management procedures.

Restructuring Transport

The new project supports the Russian government's strategy of restructuring critical parts of its transport system.

The recent World Bank study found the sector desperately need reform after relying on a command economic structure. The problems are also getting worse because declining economic output has cut the amount of money available for road and bridge repair, says Queiroz.

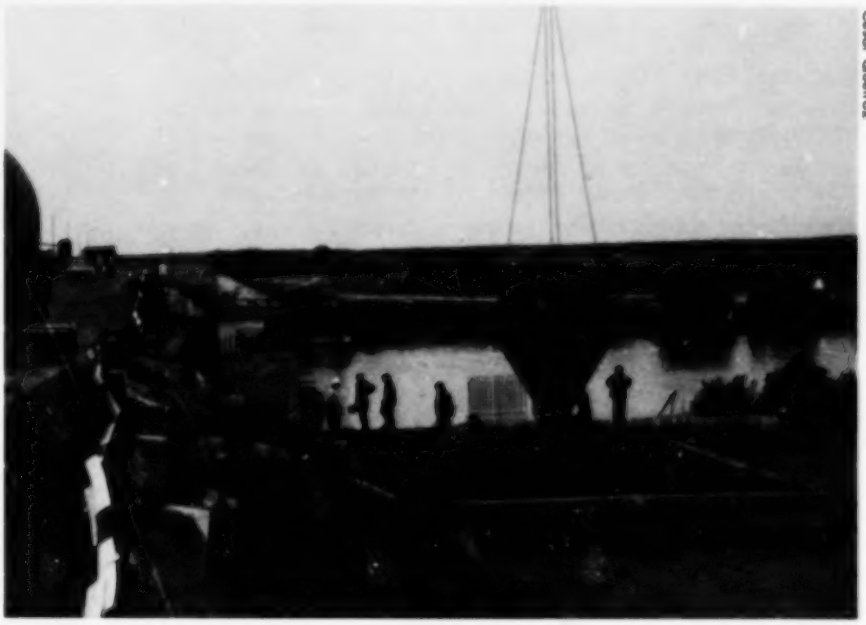
The plummeting economy has also made vehicles and spare parts scarce. Today, about 38 percent of Russia's roads are in poor shape and 25 percent require thick overlays.

Queiroz says if Russia does not try to fix its deteriorating road network now, the problem could get worse. If the economy improves soon, traffic could pick up and put new demands on the system. Also, if the privatization of Russia's trucking industry proceeds as planned, trucking could take a much larger share of transportation than it has in the past.

Condition of Bridges on Russian Federal Road Network

Condition	% of Bridges
Emergency	2
Poor	26
Fair	53
Good	10
Unknown	9

"More trucks on the road would mean more demands on the network," says Queiroz. "If a sound road repair program would not be put in place, Russia's road infrastructure could collapse under the new strains and that would make repairs even more expensive. With the new project, Russia is investing $335 million. But if they waited just one more year to do the job, repairs could cost another $250 million."□



Cesar Queiroz

A Russian workcrew widens a bridge on the Moscow-Samara Road. Many Russian bridges are in desperate need of repair.

LENDING

New Bridge Links Crops And Markets in Bangladesh

Trucks carrying produce from the fertile, isolated Northwestern region of Bangladesh to the large markets of the East face the formidable barrier of the Jamuna River, an ever-shifting, turbulent waterway that neatly divides the entire country from North to South.

The wait for ferries at the river, Bangladesh's biggest, adds an average of 36 hours to East-West journeys, long enough to spoil fruit and drive up transport costs. Goods, passengers and power all face a bottleneck at the river's 5- to 11-km span, as do health, education and disaster relief services for people in the secluded Northwest.

M. Iannacci

Ismail Mobarek

Now Bangladesh will realize its century-old goal of establishing a permanent, all-season link between the Northwest and the East under a new project supported by a credit of SDR 143 million ($200 million) from the International Development Association, the World Bank affiliate that lends interest-free to the poorest countries. When completed, the new 5-km-long Jamuna Bridge near Serajganj will carry traffic and electricity, with built-in provisions for future telecommunication, railway and natural gas lines.

A reliable ground connection between Bangladesh's two halves will improve the lives of the 27 million people living in the Northwest region, a highly fertile region producing marketable, but often stranded, surpluses of agricultural goods and industrial raw materials. By reducing transportation costs for farmers there, the bridge will stimulate economic activity and development in a region now largely cut off from the mainstream of national life.

"These 27 million people have the lowest per capita income in the country, about 30 percent below the national average," says Ismail Mobarek, a port and maritime specialist in the Bank's East Asia Regional Office. "The proposed bridge would be an engine of growth for the Northwest region."

The project includes funds and planning to minimize the bridge's impact on the environment and on people who will be displaced by construction, and the government has committed to pay full market value for the necessary land. More than $44 million is set aside to fulfill the project goal of maintaining or improving living standards for all affected people in a program designed with extensive community participation.

"This is the most elaborate resettlement policy that has ever been approved by the Bank," says Mobarek. "Everything was looked at. Even the squatters are compensated."□

Bangladesh Embarks On Comprehensive Reform Of Jute Sector

Jute, the plant fiber used to make burlap, twine, packing and other products, has for decades occupied a central role in the economy of Bangladesh.

But the jute industry is troubled, and without major reform the prospects in the 1990s are bleak for this bedrock sector of the Bangladeshi economy. Inefficient, heavily subsidized and overburdened with debt, the industry faces stagnant world demand and fierce competition from India and other jute exporters.

"Bangladesh has lost its competitiveness in Jute," says Abid Hasan, a principal operations officer in the Bank's South Asia Regional Office. "The jute sector has become a major drag on the budget and the banking system."

Now a new project approved by the International Development Association (IDA), the World Bank affiliate that loans interest-free to the poorest countries, will provide a credit SDR 175 ($247 million) to Bangladesh for a comprehensive restructuring of its jute industry.

The program will allow the government to restructure the industry's $900 million debt, close or downsize 11 of the 29 public mills and privatize all but two of the mills remaining, reduce excess employment and tie wages to productivity and profitability, and provide compensation and extensive job retraining for displaced workers.

Reform of the jute industries, Bangladesh's key traditional export, is essential to bolstering the country's performance in the world market as well as boosting its domestic living standards.

The country's main cash crop and its largest industry, jute accounts for 12 percent of total gross domestic product and 10 percent of all employment. The growing, manufacturing, marketing and trading of jute and jute products affects the livelihood of about 25 million Bangladeshi citizens, fully one quarter of the population.

"Since it's a major segment of the economy, turning this sector around has tremendous importance for the entire country," says Hasan. "Two or three years from now we will have a leaner, meaner sector that is internationally competitive."□

LENDING

Ghana Strengthens Local Governments And Local Infrastructure

Cities in Ghana, which once boasted some of the most highly developed local governments in Africa, emerged from the economic crises of the last two decades with familiar urban headaches: already scant road, water, sanitation systems overwhelmed by growing urban populations.

Development efforts have begun to improve infrastructure in Ghana's biggest cities. But the ability of most local governments to provide services remains weak at a time when scores of smaller but fast growing cities and towns are increasingly crucial to Ghana's plans for accelerated growth. Already, urban centers provide more than half of Ghana's gross domestic product.

But a new project, supported by a credit of SDR 27.7 million ($38.5 million) from the International Development Association (IDA), aims to revitalize those local governments just as Ghana is giving them more power over infrastructure, a role traditionally filled by the central government. The Local Government Development Project, approved by IDA on February 15, will help newly established District Assemblies provide and maintain basic services in 11 of Ghana's key secondary cities.

"These types of services are essential requirements for a productive economy," says Alan Carroll, an urban development specialist in the Bank's Western Africa Department. "It's important to make urban areas more productive because the urban economy is a critical part of the overall national economy."

The program will upgrade the infrastructure in the cities while helping local governments develop institutional expertise in planning, financing and maintaining basic services. Infrastructure priorities identified by the District Assemblies include rehabilitation of 77 km of roads and roadway drainage, market and motor park restoration and new landfills and sanitation facilities in all 11 cities. Additionally, the project will provide training, equipment and technical assistanceto strengthen local institutions and support Ghana's decentralization policy.

M. Iannacci

Alan Carroll

"In the short term, you'll see some immediate visible improvements in services," says Carroll. "But more importantly in the longer run, the hope is to develop greater management capacity." □

Irrigation Plan Could Double Mexico's Farm Output

MEXICO, *from page 1*

up to 52,000 new jobs by reforming irrigated agriculture. On February 17, the World Bank approved a $200 million loan to support of plan.

"Under the previous system of irrigated agriculture, Mexican farmers could not fulfill their potential for growing high yields of crops," says Jose Simas, a senior agricultural engineer in the World Bank's Latin America and the Caribbean Region.

"But with the help of this new project, irrigation systems will be more flexible. By using a much more efficient irrigation system, they will save water to intensify crop use and become more productive. By launching this effort, Mexico is planting a very important seed for the future of its irrigated agriculture."

The World Bank-supported project aims to make irrigated agriculture more efficient in 8 percent of Mexico's irrigated croplands, or 400,000 hectares.

By improving efficiency, the project will allow farmers to plant two crops per year on 150,000 hectares of land where currently only one crop is grown. Of that total, one-third will be used for higher-value, more labor-intensive crops that will put 52,000 Mexican farmers to work.

If the project goes as planned, it could help Mexico nearly double agricultural output in the affected area and raise agricultural revenues by $430 million per year by 2000. It would especially help some 42,000 farmers living in the project area, half of whom currently earn roughly the minimum wage. During the life of the project, their incomes could more than double.

Under the irrigation policy changes supported by Bank projects, Mexico aims to improve irrigated agriculture by cutting water waste, decentralizing agriculture and encouraging private investment. By doing so, the plan would boost crop yields and help farmers diversify their crops to better meet world market demands.

Reducing the widespread waste of water could help Mexican farmers increase their output. Only one-third of the water used in irrigation schemes actually reaches the crops. The waste, caused by poor networks and management, has recently caused severely limited production.

Under the new project, though, Mexico will try to cut water waste by one-fifth through a series of improvements to minor, on-farm irrigation systems. Nearly 7,000 kilometers of farm ditches will be improved, 120,000 hectares of land will be leveled for better irrigation and about 250 pumping plants will be installed for pressurized irrigation.

Mexico will also be better able to adjust to the North American Free Trade Agreement (NAFTA) with help from the project. By making irrigation more effi-

See MEXICO, *page 6*

Date	Event	Sponsor	Location	Telephone
MARCH				
4	Congo Donors' Meeting	World Bank	Paris	(33-1)4069-3016
7-8	Ethiopia Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
17-18	Sierra Leone Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
21-29	World Telecommunication Development Conference	ITU	Buenos Aires	(41-22)730-5111
22-23	Ministerial Conference on Drinking Water and Environmental Sanitation	Gov't of the Netherlands, Ministry of Housing, Physical Planning and Environment	Noordwijk, The Netherlands	(31)79 317 213
22-23	Zambia Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
APRIL				
4-7	Fifth Global Warming Science and Policy International Conference and Expo	Global Warming International Center	San Francisco	(708) 910-1551*
4-9	21st World Conference of the Society for International Development	SID	Mexico City	(0939) 6591-7897
11-13	Annual Meeting of the Board of the Inter-American Development Bank	IDB	Guadalajara, Mexico	(202)623-3435*
12-14	Ministerial Meeting on Sustainable Settlement and Development of the Onchocerciasis Control Programme Area	World Bank	Paris	(33-1)4069-3016
19-20	Bangladesh Aid Group Meeting	World Bank	Paris	(33-1)4069-3016
23	G-24 Meeting of Deputies	World Bank	Washington	(202)473-1784*
24	G-24 Meeting of Ministers	World Bank	Washington	(202)473-1784*
26	Development Committee Spring Meeting	World Bank	Washington	(202)473-1784*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Mexican Agriculture Moves To Market System

MEXICO, *from page 4*

cient. Mexico hopes the plan will allow farmers more flexibility in diversifying their crops. Under NAFTA, Mexican exports of higher-value fruits and vegetables are expected to pick up.

Project Supports Reforms

Besides physical construction, the project will also support Mexico's agriculture reforms which aim to decentralize and privatize the sector.

More than 40,000 farmers organized under "Organizacion de los Usuarios," or "Water User Organizations," took part in shaping the project. As the irrigation improvements are made, the farmers will pay a share of the construction and also take on a larger share of the costs for using water on their crops.

Shifting those "water user" costs away from the state to the individual helps Mexico shed inefficient subsidies that made agriculture inefficient and wasteful in the past, says Simas.

"If a farmer has to pay for the water he puts on his crops, he has the incentive to be efficient," he says.

"As more farmers pay for water costs, Mexican agriculture can become more self-sufficient, sustainable and less reliant on the state. Already, private agriculture is emerging as a powerful force in Mexico. In 1988, farmers paid for 18 percent of the operations and maintenance costs of their irrigation systems. Since the 1990 reforms, self-sufficiency in those costs increased. In 1993, they had begun to pay up to 78 percent of the expenses."

Until the 1980s, Mexico heavily subsidized agriculture by paying for irrigation water, electrical power, agrochemicals and seeds. By bearing those costs, the government discouraged farmers from making productive decisions and encouraged waste. Although agriculture grew at 4.5 percent a year from World War II to 1970, rural poverty rose and nutrition among the poor worsened.

The economic crisis of the 1980s, though, prompted Mexico to launch "drastic" changes in agricultural policy, says Simas. The government reformed public agencies involved in agriculture, removed guaranteed prices for some commodities and liquidated many public agricultural enterprises, including the mammoth CONASUPO, Mexico's national food supply company.

The government aims to shift agriculture to a market-based system, through continued reforms such as those supported by the Bank-financed project. Government involvement in the sector is being cut, trade and price protection is being eliminated and consumer food subsidies are being slashed.□

ECUADOR The Ecuadorian government will set up a fund to provide better services and infrastructure to the poor with the help of a $30-million World Bank loan. The social investment fund will finance non-governmental organizations, grassroots organizations and local agencies that target the needs of low-income groups.

HUNGARY A World Bank loan of $100 million will help Hungary upgrade its power generating capacity and improve its energy management systems. In addition to new equipment and training, the money will help establish stronger energy-related environmental safeguards.

PARAGUAY The government will improve resource conservation and sustainable agriculture in Southeastern Paraguay with a $50 million World Bank loan. Project-funded research in agriculture and forestry, infrastructure development, small-farm credit programs and help for indigenous communities are designed to slow resource depletion in the region.

YEMEN Yemen will be able to provide more classrooms, better trained teachers and a new community college system under an educational investment program funded in part by a credit of SDR 23.9 ($33 million) from the International Development Association. The program will also target curricula development, school management and access of females to secondary education.

WORLD BANK NEWS

Michael Prest, Editor
Cynthia Delgadillo, Production Assistant
Steve Hendrix, Reporter

World Bank News is published in English, French and German by the Information and Public Affairs Division of the World Bank's External Affairs Department, Washington, D.C. 20433, U.S.A. Maps appearing in World Bank News are for the convenience of readers. The denominations used and the boundaries shown do not imply any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries. (ISSN 0254 6353) Telephone: (202) 473-9661.

The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.

WORLD BANK NEWS

Volume XIII, No. 9 March 3, 1994

LENDING

Argentina Builds Capital Markets to Support Growing Economy

Argentina, emerging from three years of disciplined economic reform with robust growth and bright prospects, will move into the next stage of economic maturity with the help of a unique World Bank project. A $500-million Bank loan is designed to spur development of a local capital market capable of financing Argentina's new and expanding enterprises.

The project, approved March 1, will increase the confidence of investors and improve the ability of private banks to make long-term loans, particularly to a growing number of small- and medium-sized businesses.

"Given the new stabilization in Argentina, the economy is ripe for capital market development," says Mauricio Carrizosa, a senior economist in the Bank's Latin America region. "This project is necessary to meet the new demand for investment financing."

The bulk of the loan will allow the government to establish a so-called "backstop facility," an independent fund to guarantee private banks a market for the bonds they must sell to support long-term loans. Banks will be able to sell bonds to the fund when bond-market disruptions make it too expensive to sell them to investors. This "backstop" guarantee will allow banks to increase their long-term lending, which will fuel investor confidence and economic growth.

The innovative loan will only be disbursed to the extent that banks find it necessary to use the fund, but the plan still marks a new level of World Bank involvement in the financial sector.

"It's the first loan that supports the purchase of bonds rather than the purchase of goods and services," says Carrizosa.

Argentina once counted itself among the most economically developed countries in the world only to see its fortunes fade. In the early years of the 20th century, Argentina boasted per capita in-

See, ARGENTINA, *page 2*

India Replanting, Reclaiming Damaged Forests

India's forests, from tropical rainforests to mountain evergreens, cover almost 20 percent of the country's land area, more than 60 million hectares ranging across 10 geographic zones. But large tracts of forest, which are crucial for soil and water conservation, fuelwood, timber, fodder and other products, are badly degraded, dwindling under increasing population pressure.

Two projects approved February 24 by the International Development Association (IDA) are designed to help India improve the health of this vital sector. A credit of SDR 55.6 million ($77.4 million) will help rehabilitate forestry in the state of Andhra Pradesh, and a credit of SDR 33.8 million ($47 million) will improve forestry research, education and extension programs throughout the country.

"Just about half of the forests are either very much understocked or more-or-less denuded and degraded," says ChrisKeil,

See INDIA, *page 6*

Average world commodity prices remained stable in the fourth quarter of 1993: Summary and complete commodities tables. **2**

China moves to reduce ozone depleting chemicals, and pledges to eliminate them completely by 2010. **7**

Development agenda, page 5

■

Press advisory, page 8

■

Lending roundup, page 8

Smaller Firms to Gain Access to Financing

ARGENTINA, *from page 1*

come and infrastructure to rival many European and North American countries, and its vast fertile pampas held the promise of riches to come. But by the end of the 1980s, decades of exploding public spending had instead produced massive debt, hyperinflation and economic stagnation.

One lingering effect of the chronic economic instability is a banking system that favors short-term loans to large, well-known firms. The establishment of a mature capital market that gives smaller firms access to capital and increases long-term lending to all businesses, follows reforms that have already reconstructed Argentina's economy.

Since 1989, the government has enacted a convertability law to limit inflationary issuance of local currency, strengthened banking regulations, closed or downsized many state-owned banks, reformed the pension system and privatized most public industries.

The reforms have taken hold, bringing Argentina low inflation and economic growth unknown for several decades. And the demand for private investment is up, jumping 32 percent in 1991 and another 37 percent in 1992.

"The backstop facility will encourage commercial banks to lend at longer terms, since they will have the assurance of support to renew their own longer-term borrowing if there is a market disruption," says Paul Meo, an acting director of the Bank's Latin America region.

To accommodate the increased investment activity, the Bank, in addition to funding the "backstop facility," also approved a complementary loan of $8.5 million for technical assistance in the capital market. The loan will help finance improvements in capital market supervision and regulation, provide training to commercial bank staff as they take on longer term lending and help implement the new, reformed pension system.□

COMMODITY REPORT

Prices Remain Unchanged in Fourth Quarter of 1993

The average price of commodities other than fuel and steel remained virtually unchanged from the third to fourth quarters of 1993, as higher food prices were offset by lower metals and minerals and timber prices, according to the World Bank's International Trade Division.

The Uruguay round of the General Agreement on Tariffs and Trade (GATT), the first to include agriculture, was approved by the 117 member nations in December. The agreement will reform trade in agricultural products by requiring most member countries to make specific changes in price supports, market access and export subsidies. The agreement will lead eventually to increased trade in agricultural commodities and higher world prices.

Weak demand in Europe cut banana prices by 7 percent in 1993. Five Latin American banana-producing countries were offered larger import quotas by the European Union in exchange for withdrawing a complaint before GATT.

Rising U.S. domestic production of beef, pork and chicken has triggered reductions in imports under U.S. meat import laws, although imports from Central America were up sharply in 1993. Australian and New Zealand beef exports were directed toward Asian countries, especially Japan where lower tariffs boosted imports by more than 20 percent.

World grain production fell, mainly because of flooding in the U.S. Midwest and damage to the maize crop. The low stocks raise concern about next season's production.

The flooding drove coarse grain stocks to their lowest level in 10 years, although higher exports from China are expected to maintain imports at previous levels.

Japan's smallest rice harvest since before 1950 set off a 66 percent price hike between June and December, 1993. But wheat prices firmed in recent months, due largely to low supplies and rising prices of other grains.

Orange juice producers in Mexico and the United States gained free market access to North America under the NAFTA agreement. The effect of the agreement on world markets depends on Mexico's supply response.

Smaller cocoa harvests combined with

See COMMODITY, *page 6*

IDB

A Peruvian farmer checks his maize crop. Corn prices rose in the fourth quarter of 1993 in the wake of U.S. floods that harmed production.

Commodity	Unit	QUARTERLY AVERAGES Apr-Jun 1993	Jul-Sept 1993	Oct-Dec 1993	MONTHLY AVERAGES October 1993	November 1993	December 1993
BEVERAGES							
Cocoa	¢/KG	99.8	114.2	132.5	129.2	132.1	136.2
Coffee: *Robusta	¢/KG	101.1	125.2	133.9	129.9	135.5	136.3
*Brazil	¢/KG	123.4	157.7	161.9	158.0	163.6	164.3
Oth Mild	¢/KG	134.2	168.7	173.8	169.0	173.3	179.2
Tea	¢/KG	172.7	171.2	190.2	198.5	186.0	186.0
CEREALS							
Rice Thailand	$/MT	235.7	231.3	338.1	283.8[R]	352.5	378.0
Grn Sorghum	$/MT	92.2	97.3	111.6	100.9	113.8	119.9
Maize	$/MT	97.3	100.8	115.0	106.5	116.7	121.8
Wheat: Canada	$/MT	169.9	192.1	224.9	211.5	227.4	235.8
*U.S.	$/MT	136.2	117.3	134.9	127.9	136.4	140.5
MEAT							
Beef: U.S.	¢/KG	267.0	278.6	259.1	267.0	264.1	246.3
*Lamb	¢/KG	298.7	300.4	298.1	298.3	297.1	298.1
SUGAR							
World	¢/KG	24.5	21.0	22.4	22.7	22.3	23.2
FRUITS							
Bananas	$/MT	471.6	339.5	366.2	330.7	368.3	414.6
Oranges	$/MT	383.6	484.2	461.1	621.4	440.8	321.2
FATS & OILS							
Palm Oil	$/MT	373.0	356.7	366.3	333.0	357.0	411.0
Coconut Oil	$/MT	418.7	446.3	498.3	419.0	464.0	615.0
Groundnut Oil	$/MT	673.3	825.3	844.7	807.0	808.0	924.0
*Soybean Oil	$/MT	452.3	492.3	538.3	491.0	536.0	589.0
Soybeans	$/MT	245.0	273.7	264.0	249.0	267.0	276.0
Copra	$/MT	275.0	299.0	329.7	275.0	308.0	406.0
Groundnut Meal	$/MT	152.3	182.7	184.3	176.0	186.0	191.0
Soybean Meal	$/MT	195.3	221.3	212.7	207.0	216.0	215.0
FISHERIES							
*Shrimp	¢/KG	1149.6	1098.3	1160.0	1168.4	1151.9	1159.6
*Fish Meal	$/MT	352.3	356.7	354.7	339.0	358.0	367.0
FIBERS							
Cotton: A Index	¢/KG	132.4	123.8	124.1	120.8	121.1	130.6
*U.S.	¢/KG	133.3	119.6	121.5	115.1	119.2	130.3
Jute	$/MT	260.0	260.0	260.0	260.0[E]	260.0[E]	260.0[E]
*Sisal	$/MT	605.0	660.0	646.3	669.0[R]	635.0[G]	635.0[G]
*Wool	¢/KG	290.8	280.4	308.9	291.8[G]	328.7[G]	306.2[G]
RUBBER							
RSS NO.1:U.S	¢/KG	96.8	96.8	98.4	97.5	99.0	98.6
*Singapore	¢/KG	80.9	82.2	82.1	81.5	82.2	82.6
METALS & MINERALS							
Copper	$/MT	1865.9	1912.2	1666.9	1646.4	1630.0	1724.2
Tin: Malaysia	¢/KG	535.4	472.9	466.0	463.8	466.0	468.2

Commodity Price Data

Commodity	Unit	QUARTERLY AVERAGES Apr-Jun 1993	Jul-Sept 1993	Oct-Dec 1993	MONTHLY AVERAGES October 1993	November 1993	December 1993
METALS & MINERALS (cont'd)							
Nickel: LME	$/MT	5755.8	4703.6	4734.0	4448.9	4633.9	5119.1
*Free Mkt	$/MT	5785.7	4744.6	4856.8	4499.6	4801.7	5269.0
Aluminum: LME	$/MT	1132.6	1163.2	1073.7	1087.1	1039.8	1094.3
*Free Mkt	$/MT	1198.1	1225.8	1135.1	1148.5	1101.9	1154.9
Lead	¢/KG	40.7	38.4	41.5	38.4	40.0	46.1
*Silver	¢/TOZ	426.3	467.2	460.2	433.5	450.3	496.8
*Gold	$/TOZ	360.4	375.4	373.8	364.2	373.8	383.3
Zinc: *U.S.	¢/KG	103.0	95.8	99.0	96.8	97.8	102.4
LME	¢/KG	97.0	89.5	93.9	91.5	92.8	97.4
Iron Ore	$/MT	28.1	28.1	28.1	28.1	28.1	28.1
Steel: *Rebar	$/MT	346.7	360.0	348.3	360.0	345.0	340.0
*Merch Bar	$/MT	363.3	403.3	363.3	380.0	360.0	350.0
*Wire Rod	$/MT	396.7	406.7	390.0	390.0	390.0	390.0
*Section	$/MT	346.7	373.3	375.0	370.0	380.0	375.0
*Plate	$/MT	443.3	450.0	443.3	450.0	440.0	440.0
*HR Coilsheet	$/MT	370.0	390.0	393.3	390.0	395.0	395.0
*CR Coilsheet	$/MT	460.0	490.0	500.0	500.0	500.0	500.0
*Galvan Sheet	$/MT	546.7	580.0	560.0	570.0	560.0	550.0
ENERGY							
Crude Oil: *Official	$/BBL	17.3	17.0	16.7	16.9	16.8	16.6
*Spot	$/BBL	16.4	14.6	13.7	14.9	13.8	12.3
Coal: *Australia	$/MT	31.0	31.0	31.0	31.0	31.0	31.0
*U.S.	$/MT	38.0	38.0	38.0	38.0	38.0	38.0
TIMBER							
Logs: *Cameroon	$/CM	320.7	301.2	303.9	304.4	299.5[R]	307.8
Malaysia	$/CM	483.3	381.7	338.7[F]	378.1[F]	333.4[F]	304.7[F]
Sawnwood:*Malaysia	$/CM	508.1	511.1	633.7	513.0	616.7[R]	771.5
*Ghana	$/CM	523.2	533.9	573.7	564.4	554.3	602.4
*Plywood	¢/SH	745.1	688.3	604.3	617.3	603.0	592.5[E]
*Woodpulp	$/MT	441.5	407.9	388.1	396.3	384.0[R]	384.0
FERTILIZERS							
Phosphate Rock	$/MT	33.0	33.0	33.0	33.0[E]	33.0[E]	33.0[E]
*UREA	$/MT	105.0	101.7	111.7	104.0[E]	110.0[E]	121.0[E]
*TSP	$/MT	107.5	106.7	115.4	111.3	112.5	122.5
*DAP	$/MT	119.4	124.8	149.0	141.1	147.5	158.5
*Potassium Chloride	$/MT	107.8	107.5	105.4	105.8	105.0	105.5
SELECTED PRICE INDICES (1990=100)[C]							
Agri. Food		85.5	92.6	99.6	95.6	99.5	103.7
Fats and Oils		109.2	116.1	117.8	108.3	115.7	129.4
Agri. Non-food		88.9	87.3	88.5	87.3	88.1	90.0
Agri. Timber		278.1[F]	244.8[F]	191.2[F]	213.4[F]	188.1[F]	171.9[F]
Metals and Minerals (excl. steel)		77.6	76.1	72.4	71.9	71.6	73.8
Steel Products		90.5	95.7	93.9	95.1	93.9	93.1
33 Selected Commodities		93.9	95.3	95.4	94.2	95.0	97.2

A: Not Available; B: No Quotation; E: Estimate; F: The Sabah Log Series has been replaced as a result of the recent export restriction in Malaysia; G: Average for less than period indicated; N: Nominal; R: Revised; *: Not included in index. Journalists may obtain more detailed information about commodities by writing to the World Bank, International Trade Division, Room S-7053, Washington, D.C. 20433.

Development Agenda

Date	Event	Sponsor	Location	Telephone
MARCH				
7-8	Ethiopia Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
9	Press Conference on African Structural Adjustment Report	World Bank	Washington	(202) 473-3747*
15	International Women's Month: Speaker: Dorothy Thomas, Director Women's Rights Project, Human Rights Watch	World Bank	Washington	(202)473-2421*
17-18	Sierra Leone Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
21	International Women's Month: Speaker: Dr. Mamphela Ramphele, Dep. Vice Chancellor, Cape Town University	World Bank	Washington	(202)473-2421*
21-29	World Telecommunication Development Conference	ITU	Buenos Aires	(41-22)730-5111
22-23	Ministerial Conference on Drinking Water and Environmental Sanitation	Gov't of the Netherlands, Ministry of Housing, Physical Planning and Environment	Noordwijk, The Netherlands	(31)79 317 213
22-23	Zambia Consultative Group Meeting	World Bank	Paris	(33-1)4069-3016
APRIL				
4-7	Fifth Global Warming Science and Policy International Conference and Expo	Global Warming International Center	San Francisco	(708) 910-1551*
4-9	21st World Conference of the Society for International Development	SID	Mexico City	(0939) 6591-7897
11-13	Annual Meeting of the Board of the Inter-American Development Bank	IDB	Guadalajara, Mexico	(202)623-3435*

Editor's Note: *Development Agenda* is a feature that alerts journalists to key news events in the field of economic development. Journalists should contact sponsoring agencies for details about each event. Asterisk (*) indicates telephone number is in the U.S.A. All other telephone numbers include country and city codes.

Prices Up in Coffee, Cocoa and Cotton

COMMODITY, *from page 2*

increased demand in Europe and North America led to the third consecutive cocoa production deficit and higher prices in the last half of 1993. Cocoa producers in Cameroon and Cote d'Ivoire should benefit from the January devaluation of CFA franc against the French franc.

Coffee supplies tightened and prices climbed in the fourth quarter following anticipated lower production in Brazil and Columbia and planned stock retention by coffee-exporting countries.

A price boom in vegetable oils gained momentum in November and December on news of crop losses and low yields in several countries. And word of poor conditions in South America has further dimmed the outlook for the 1994 crop. However, palm oil production in Southeast Asia is up sharply, moderating its price and boosting its market share.

Cotton prices soared on reports of lower production. World consumption during 1993/94 is now expected to exceed production by about one million tons.

Weak Japanese demand for log imports significantly depressed Malaysian log prices. Weak demand in Europe reduced log imports from Africa, but prices were sustained by long-term contracts.

World oil prices fell by 25 percent during the fourth quarter, ending the year below 1974 levels in constant dollars. Early 1994 prices climbed by more than $1/bbl, partly due to cold weather. Copper prices climbed at year's end, pushed by U.S. economic growth, higher Chinese demand, a fall off in exports from Former Soviet Union countries and reduced mine production.□

Forest Plans Boost Research, Protect Biodiversity

INDIA, *from page 1*

a senior forestry specialist in the World Bank's India department. "A denuded or degraded forest is neither fully productive nor environmentally fully functional. And it's not respected as a forest. Whatever grows is immediately cleared again."

Indians exploit their forests for both commerce and subsistence living. Wood-based industries get their raw materials from them, and villages in and around forest lands rely on them for cooking fuel, wood for their dwellings and an "amazing array of non-timber forest products," says Keil, such as fruits, medicinal herbs and oils.

Between 1950 and 1980, land-scarce India lost about 4.3 million hectares of forest land to non-forest use, largely to agriculture. In 1986, the government revised its National Forest Policy to protect woodlands as an ecological necessity and has instituted a long-term plan to rehabilitate forests and improve farm forestry.

The IDA-assisted Andhra Pradesh project will provide funds to rehabilitate thousands of hectares of damaged forests in the southeastern coastal state. It will help plant new trees on wasteland and small farms, support plant-propagation research and training, and provide equipment for the local forest department. A main goal of the project is to improve joint forestry management by funding village communities and non-governmental organizations that represent local people dependent on the forest.

"It can only be achieved with the active cooperation of the people," says Keil.

> **"A denuded or degraded forest is neither fully productive nor environmentally fully functional. And it's not respected as a forest. Whatever grows is immediately cleared again."**
>
> **— Chris Keil**

The Andhra Pradesh credit is the third in an expected series of forestry projects targeting individual Indian states. To support those projects, IDA approved the $47-million credit to help improve India's forestry research and education .

Most of those funds will go to support research programs around the country, such as the search for improved tree stocks, and moisture conservation for dry areas or fighting diseases that strike forests. The project will supply lab equipment and operating expenses, establish a grant fund for future research, build library facilities, and improve India's overall forestry research management.

Better management of scarce forestry funding will help India ensure that research, education and extension services meet the country's forestry needs.

"What we are trying to do is make sure that if you have a limited amount of research skills, manpower and resources, they are focused on the appropriate priorities of the forest sector," says Ian Hill, a senior agriculturalist in the Bank's India department.

One element of the project is an innovative approach to biodiversity preservation in two of India's nature preserves, the Great Himalayan National Park and the Kalakad Mundanthurai Tiger Reserve. The loan will improve management of the areas and encourage people to use the land in and around the park for ecologically sound enterprises like ecotourism, small agriculture and biomass generation.

"We want to create a realization among the people that they benefit from the presence of the protected area," says Hill.□

GRANTS

China to Eliminate Substances Harmful to Earth's Ozone

Grant Made From Bank-Supported Montreal Protocol Fund

Every day, China's increasingly active factories and greater numbers of products add to the tons of gases that leak into earth's atmosphere. Together with gases emitted from other countries, the substances steadily eat away at the high-atmospheric layer of ozone that protects the planet from the sun's ultraviolet rays.

As China's economy boomed in recent years, so has the country's use of "Ozone Depleting Substances" (ODS), chemicals used in the production of foams, refrigerators, aerosols and other goods. If China, already the developing world's largest ODS-user, were to allow the practice to go on unchecked, the country would consume some 84,000 tons of the substances a year by 1996.

But in 1991, China decided to put a stop to its growing appetite for ODS by joining the large contingent of countries that have signed the Montreal Protocol on Substances that Deplete the Ozone Layer. China's effort recently is being supported by a recent $6.92 million grant from the Protocol's financing arm, partly implemented through the World Bank.

"This grant comes just in time for China," says Jessica Poppele, ozone operations coordinator for Asia in the World Bank's Environment Department. "China is one of the most rapidly growing economies in the developing world. As China's standard of living has risen, the country's demand for products like refrigerators and air-conditioners that use ODS, has also greatly increased."

Ozone-Friendly by 2010

Although the Montreal Protocol allows developing countries to increase ODS use for two more years, China has agreed to restrain consumption at current levels until 1996, when it will start to cut back consumption. By 2000, it aims to slash use in half and eventually eliminate it by 2010.

The new grant will provide China with funds and technical assistance needed to tackle ODS use in five factories that produce aerosols, foams and fire protection goods. With the help of the grant, the plants aim to replace older equipment and processes that use ODS with newer, ozone-safe and commercially viable technology.

J. Poppele

China's demand for consumer products, like these refrigerators produced in Shanghai, has greatly increased its use of ozone depleting chemicals.

By helping the factories, which are located in Shanghai, Tianjin, Beijing and Zhejiang, convert to ozone-friendly substances, China will prevent the use of about 16,000 tons of ODS each year.

China has already made steps toward eliminating ODS consumption, says Poppele. In the early 1990's, new ODS-based factories were banned in both the fire protection and aerosol sectors. The country is also developing additional policies to phase out ODS production. China may restrict imports of the substances and offer incentives for conversion to non-ozone depleting substances.

But by helping the factories directly, the new protocol grant will speed up conversion to ozone-friendly substances, says Poppele.

"It's important that the Chinese factories and enterprises which use ODS are now receiving money," she says. "For a long time, the enterprises were preparing for conversion but many remained skeptical that they would receive help. Now, they have the incentive to switch over."

Offering incentives to developing countries to encourage the phase-out of ODS use is what the Montreal Protocol is all about, says Bill Rahill, an environmental specialist in the World Bank's Environment Department.

"Like China, many developing countries are now in a position where they could start using much more ODS to meet rising demands for refrigerators, aerosols and other products," says Rahill. "In light of that rapid jump in demand, we knew we had to encourage every country to get on board with the program."

More than 100 countries ratify protocol

The Chinese grant is one of the latest from the Montreal Protocol's Multilateral Fund which was set up to help developing countries eliminate their use of ODS. The Fund is implemented by the World Bank, the United Nations Development Program (UNDP), the UN Environment Programme (UNEP) and the UN Industrial Development Organization (UNIDO).

The protocol, adopted in 1987, has now been ratified by more than 100 countries

See **OZONE**, *page 8*

Ozone Fund Delivers Nearly $70 Million

OZONE, *from page 7*

in both the developed and developing worlds. While industrialized countries plan to phase out ODS use by 1996, developing countries must phase out their consumption by 2005 to 2010.

Rahill is one of a handful of World Bank staff members who work on the Montreal Protocol. He says one of the Bank's roles in the protocol is to act as an "advisor" in assisting client countries to prepare for phasing out ODS use. For example, developing countries receive advice on how to strengthen the government institutions that will carry out ODS phase-out programs.

The Bank will also help countries prepare tailored strategies for eliminating their ODS use by the protocol's target date. So far, the Bank has helped complete eight country strategies in Ecuador, Egypt, Jordan, Mexico, the Philippines, Thailand, Tunisia and Turkey. Country programs are also being prepared in Argentina and Nigeria, and the Bank has collaborated with other agencies on strategies in China, Guatemala, Indonesia and India.

But the Bank's main task in the Montreal Protocol is to prepare projects for individual developing countries and to move the grant money to where it is needed. As of late 1993, the multilateral fund had approved 75 projects in 14 countries worth a total of nearly $70 million. In 1994, the fund aims to approve another 18 projects.

Rahill says the Bank aims to achieve two things by taking part in the Montreal Protocol: eliminate ODS use; and create an environment in developing countries that will encourage a sustained phase-out. The successful collaboration between the Bank, UNDP, UNEP and UNIDO and the strong commitment from developing countries have combined to make the the Protocol an international effort that is achieving what it set out to do.

"The Montreal Protocol is perhaps the most successful environmental effort on a global scale," says Rahill. "It can serve as a good model for future international cooperation on the global environment."□

CHINA A wide-ranging plan to boost agricultural production and small-farm incomes on China's Songliao Plain is supported by an IDA credit of SDR 148.5 million ($205 million) approved February 24. The funds will help reclaim wastelands for farm use, establish aquaculture programs, provide new machinery and improve irrigation and drainage systems.

GUINEA Guinea hopes to expand low-cost health care to some of its poorest communities with help from a credit of SDR 17.4 million ($24.6 million) approved March 1 by the International Development Association (IDA). Among other things, the project will build or rehabilitate 26 health centers and hospitals, provide drugs and vaccines and strengthen maternal care and family planning programs.

Press Conference on African Adjustment Report

The World Bank will hold a press conference on March 9 to release the report, "Adjustment in Africa: Reforms, Results and the Road Ahead." The report is the Bank's most comprehensive study to date on the relationship between economic policies and growth in Sub-Saharan Africa.

The report will be presented by Edward V.K. Jaycox, vice president for the Africa region. The authors of the study will be available to answer questions.

The press conference will be Wednesday, March 9 at 2:30 p.m. at the World Bank Auditorium, 701 18th St., NW, Washington D.C.

For more information contact the Bank's Policy Research Department at (202) 473-3747.

WORLD BANK NEWS

Michael Prest, Editor
Cynthia Delgadillo, Production Assistant
Steve Hendrix, Reporter

World Bank News is published in English, French and German by the Information and Public Affairs Division of the World Bank's External Affairs Department, Washington, D.C. 20433, U.S.A. Maps appearing in World Bank News are for the convenience of readers. The denominations used and the boundaries shown do not imply any judgment on the legal status of any territory or any endorsement or acceptance of such boundaries. (ISSN 0254 6353) Telephone: (202) 473-9661.

The World Bank Group is the International Bank for Reconstruction and Development (IBRD), the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA). IBRD is the main lending arm of the World Bank. IDA is the World Bank affiliate that lends on concessional terms to the poorest countries. IFC finances private sector projects and advises businesses and governments on investment issues. MIGA promotes foreign direct investment through guarantees, policy advice, and promotional services.